

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**RESOLUTION E-4065
January 25, 2007**

R E S O L U T I O N

Resolution E-4065. Energy payment deferral plan for citrus producers and other affected agricultural growers. This resolution authorizes Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Gas Company, and Southern California Edison Company to implement deferred payment plans for qualifying citrus growers and other agricultural growers whose crops were destroyed as a result of the cold storms and resulting frost damage that occurred in January 2007. This matter is added to the agenda pursuant to Government Code Section 11125.3(a)(2).

SUMMARY

Assemblymember Parra and Senator Maldonado introduced Assembly Concurrent Resolution (ACR) No. 12 which requests the Commission to cooperate with the state's public utilities in immediately approving advice letter filings to establish appropriate payment deferral programs for citrus growers' whose crops were destroyed as a result of the cold storms and consequent frost damage that occurred in January 2007. The ACR also requests the Commission to authorize recovery for the actual administrative costs, with the exception of interest foregone on deferred amounts incurred by the state's public utilities as a result of this program, and recovery of uncollected deferred amounts.

Senator Florez introduced Senate Concurrent Resolution (SCR) No. 6 which requests that the Commission cooperate with the state's public utilities in immediately approving advice letter filings to establish appropriate payment deferral programs for agricultural growers whose crops were destroyed as a result of the cold storms and consequent frost damage that occurred in January 2007. SCR No. 6 also requests the Commission to authorize recovery for the actual administrative costs, with the exception of interest foregone on deferred amounts, and recovery of uncollected deferred amounts incurred by the state's public utilities as a result of this program.

This Resolution authorizes Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) to file Advice Letters in compliance with

this Resolution to grant relief to citrus producers and other affected agricultural growers. The relief granted herein is similar to that previously granted after incidents of serious freeze damage to crops.

BACKGROUND

On October 11, 1991, the Commission issued Resolution E-3245 which ordered PG&E, SCE, and San Diego Gas & Electric Company (SDG&E) to file Advice Letters in compliance with Public Utilities Code (PU Code) Section 744.5.

In PU Code Section 744.5, the Legislature found and declared that the freezing weather during December 1990 and January 1991 caused particularly extensive damage to the citrus and avocado crops in California. It also found and declared that the extreme drought conditions compounded the situation, resulting in greater energy usage and higher costs. It was the intent of the Legislature that citrus and avocado growers be eligible for deferred electrical energy payments for bills incurred between June 1, 1991 and March 31, 1992.

PU Code Section 744.5 provided that growers who qualified as defined in the section would defer up to fifty percent (50%) of their monthly bill, without interest to them, attributable to the production of citrus and avocados. After March 31, 1992, the growers would then pay the deferred amounts in up to eighteen equal monthly payments in addition to their regular monthly bills from that time onwards.

PU Code Section 744.5 provided certain conditions and documentation requirements. An "agricultural producer" is defined by the previously enacted PU Code Section 744 (a). The deferrable electrical energy bill was defined in the new Section 744.5 (e) (1) as "up to 50 percent of each electricity bill incurred during the deferral period on accounts or amounts attributable to the production of citrus or avocado crops." Thus producers may have had to apportion bills between eligible and ineligible use.

In December 1998 freezing weather caused extensive damage to citrus crops. As a result of that crop damage, the Commission adopted Resolution E-3593 on April 1, 1999 pursuant to Assembly Concurrent Resolution 6 (Reyes). Resolution E-3593 authorized PG&E and SCE to file advice letters to implement a payment deferral plan for citrus growers.

Resolution E-3593 authorized a payment deferral plan for a 12-month period beginning with April 1999 billings and ending with March 2000 billings, applicable to eligible citrus growers. According to that plan, eligible citrus growers were given the option to defer, without incurring interest charges, up to 50% of each electricity bill during the deferral period. Resolution E-3593 specified a 12-month amortization period for deferred billings, beginning April 2000. That resolution allowed PG&E and SCE to recover their

actual administrative costs, with the exception of interest foregone on deferred amounts, and recovery of uncollected deferred amounts incurred by the states' public utilities as a result of this program.

ACR No. 12 of this year requests that the Commission "cooperate with the state's public utilities in immediately approving advice filings to establish appropriate payment deferral programs for citrus growers whose crops were destroyed as a result of the cold storms and consequent frost damage that occurred in January of 2007." ACR No. 12 also requests the Commission to authorize the recovery for the actual administrative costs, with the exception of interest foregone on deferred amounts, and recovery of uncollected deferred amounts incurred by the state's utilities as a result of this program.

SCR No. 6 requests that the Commission "cooperate with the state's public utilities in immediately approving advice filings to establish appropriate payment deferral programs for agricultural growers whose crops were destroyed as a result of the cold storms and consequent frost damage that occurred in January of 2007." SCR No. 6 also requests the Commission to authorize the recovery for the actual administrative costs, with the exception of interest foregone on deferred amounts, and recovery of uncollected deferred amounts incurred by the state's utilities as a result of this program.

ACR No. 12 cites seven counties affected by the cold storms - Fresno, Kern, Kings, Madera, Monterey, Tulare, and Ventura. SCR No. 6 cites ten counties affected by the cold storms - the seven cited in ACR No. 12, plus three others - Merced, San Luis Obispo, and Santa Barbara.

In January 2007 Governor Schwarzenegger proclaimed a state of emergency related to severe freezing conditions in the following counties: Fresno, Kern, Kings, Madera, Merced, Monterey, San Luis Obispo, Santa Barbara, Tulare, Ventura, Imperial, San Bernardino, San Diego, Santa Clara, Riverside, Yuba, and Stanislaus.

PG&E, SCE, SDG&E, and SoCalGas are the investor-owned utilities that provide gas and electric service in the affected counties.

NOTICE

This matter was added to the Commission's January 25, 2007 agenda pursuant to Government Code Sections 11125.3(a)(2) and notice was provided pursuant to that section.

DISCUSSION

Because of the severe economic damage to the citrus growers and other agricultural growers in California and the agricultural industry's important contribution to the state, it

is reasonable to authorize PG&E, SCE, SDG&E, and SoCalGas to implement payment deferral plans similar to those adopted in PU Code Section 744.5 in 1991 and authorized by Resolution E-3593 in 1999.

Should PG&E, SCE, SDG&E, and SoCalGas elect to file Advice Letters which implement a payment deferral plan, they should contain the following conditions:

A. The payment-deferral plan would be for a 12 month period beginning with February 2007 billings and ending with the January 2008 billings. These deferral programs will allow eligible citrus growers and other eligible affected agricultural growers, at their option, to defer, without incurring interest charges, up to 50% of each gas or electricity bill incurred during the deferral period.

B. The amortization period for the deferred billings would be the twelve-month period following January 2008. Beginning in February 2008, participating citrus and other affected agricultural growers shall keep each month's charges current and pay the accrued deferral in up to 12 equal monthly installment payments.

C. PG&E, SCE, SDG&E, and SoCalGas are authorized to recover their actual administrative costs, with the exception of interest foregone on deferred amounts, and to recover uncollected deferred amounts incurred by the state's public utilities as a result of this program.

D. Qualifying citrus growers and other affected qualifying agricultural growers may defer up to fifty percent (50%) of their monthly bill attributable to citrus and other agricultural production.

E. Only qualifying citrus growers and other affected qualifying agricultural growers that have verified crop losses would be eligible.

Tariff language should be similar to that adopted in compliance with Resolution E-3245 and Resolution E-3593, and consistent with the intent of PU Code Section 744.5.

COMMENTS

Public Utilities Code section 311(g) (1) generally requires that draft resolutions be served on all parties and subject to at least 30 days public review and comment prior to a vote of

the Commission. Section 311(g) (3) provides that this 30-day period may be reduced or waived pursuant to Commission adopted rule.

The 30-day comment period for this resolution has been waived in accordance with the provisions of Rule 14.6(c)(9). Rule 14.6(c)(9) provides that the Commission may waive or reduce the comment period for a decision when the Commission determines that public necessity requires reduction or waiver of the 30-day period for public review and comment. For purposes of Rule 14.6(c)(9), “public necessity” refers to circumstances in which the public interest in the Commission’s adopting a decision before expiration of the 30-day review and comment period clearly outweighs the public interest in having the full 30-day period for review and comment, and includes circumstances where failure to adopt a decision before expiration of the 30-day review and comment period would cause significant harm to public health or welfare. The public necessity in this case is that the Commission needs to take immediate action to authorize PG&E, SCE, SDG&E, and SoCalGas to file advice letters that will implement a payment deferral plan to assist citrus growers and other affected agricultural growers whose crops were destroyed as a result of the cold storms of January 2007 and the resulting frost damage. In this case, the public interest in providing prompt relief to citrus growers and other affected agricultural growers outweighs the public interest in being able to comment on a resolution that simply authorizes tariffs under which certain citrus and other affected agricultural growers can defer part of their utility bills. Thus, pursuant to Rule 14.6(c)(9), we waive the review and comment period on this resolution.

FINDINGS

1. In January 2007, freezing weather caused particularly extensive damage to the citrus crops in Fresno, Kern, Kings, Madera, Monterey, Tulare, Ventura, Merced, Santa Barbara, and San Luis Obispo counties. In the same month, Governor Schwarzenegger proclaimed a state of emergency due to extreme low temperatures and freezing conditions in the following counties: Fresno, Kern, Kings, Madera, Merced, Monterey, San Luis Obispo, Santa Barbara, Tulare, Ventura, Imperial, San Bernardino, San Diego, Santa Clara, Riverside, Yuba, and Stanislaus.
2. In a similar situation in 1991, Public Utilities Code Section 744.5 was enacted which deferred up to 50 percent of each energy bill to the affected growers. In response to PU Code Section 744.5, the Commission adopted Resolution E-3245 on October 11, 1991 ordering PG&E, SCE, and SDG&E to file advice letters to implement a deferral program for citrus and avocado growers.
3. On April 1, 1999 the Commission adopted Resolution E-3593 which authorized PG&E and SCE to file advice letters setting up a payment deferral program for citrus growers who suffered similar damage in December 1998.

4. ACR No. 12 requests the Commission to authorize deferral of bill payments by the affected citrus growers.

5. SCR No. 6 requests the Commission to authorize deferral of bill payments by the affected agricultural growers.

6. Should PG&E, SCE, SDG&E, and SoCalGas elect to file Advice Letters which implement a payment plan, the following conditions are reasonable:

A. The payment-deferral plan would be for a 12 month period beginning with February 2007 billings.

B. The amortization period for the deferred billings would be the twelve-month period following January 2008.

C. PG&E, SCE, SDG&E, and SoCalGas are authorized to recover their actual administrative costs, with the exception of interest foregone on deferred amounts, and to recover uncollected deferred amounts incurred by the state's public utilities as a result of this program.

D. Qualifying citrus growers and other qualifying affected agricultural growers may defer up to fifty percent (50%) of their monthly bill attributable to citrus and other agricultural production.

E. Only qualifying citrus growers and other qualifying affected agricultural growers that have verified crop losses would be eligible.

7. Tariff language should be similar to that adopted in compliance with Resolution E-3245 and Resolution E-3593, and consistent with the intent of PU Code Section 744.5.

THEREFORE IT IS ORDERED THAT:

1. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company are authorized to file Advice Letters which implement a payment deferral plan for citrus growers and other affected agricultural growers.

2. Should PG&E, SCE, SDG&E, and SoCalGas elect to file Advice Letters which implement a payment deferral plan, they should be consistent with the Findings of this Resolution.

3. If PG&E, SCE, SDG&E, and SoCalGas do not file Advice Letters within 20 days of today's date, this authorization shall lapse. The Advice Letters shall be effective on filing, subject to review by the Energy Division for compliance with this Resolution.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on January 25, 2007; the following Commissioners voting favorably thereon:

STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
PRESIDENT
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
Commissioners